

May 12, 2004

The Honorable George W. Bush
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

I recently received the response from Stephen Friedman, Assistant for Economic Policy, to my letter concerning record-breaking gasoline prices.

I am encouraged to know that you share my concerns, however, I believe that your plan for addressing this issue falls far short of resolving the immediate matter. Gasoline prices have continued to increase during the past several months with no apparent end in site. In fact, between the date of my first letter on February 25 and the response from your office dated April 20, the average price per gallon has risen more than 17 cents and during the last week alone Phoenix drivers saw a 10-cent spike in less than forty-eight hours. Small business and commercial drivers are also struggling to keep up with cost of diesel fuel.

In his letter Mr. Friedman states "the Secretary of Energy and the Federal Trade Commission are prepared to conduct inquiries, where appropriate, into significant prices increases." I believe that a 17-cent average price increase and the 10-cent spike we are experiencing now justifies such an inquiry.

Furthermore, consumers are faced with these higher prices at the same time that five of the top gasoline companies are reporting increased profits with an average profit increase of 90 percent. Moreover, four of the top refineries are averaging increased profits of 70 percent.

I hope that you will direct the Energy Office to conduct a comprehensive review of the entire gasoline pricing structure, the profits currently enjoyed by the industry and the cost being passed on to consumers. Even though the review may not reveal antitrust violations it will certainly help consumers understand why they are being forced to pay record prices while industry is enjoying record profits.

Yours very truly,

Janet Napolitano
Governor

cc: The Honorable John McCain
The Honorable Jon Kyl
The Honorable Raul Grijalva
The Honorable Ed Pastor
The Honorable Jim Kolbe
The Honorable JD Hayworth
The Honorable John Shadegg
The Honorable Rick Renzi
The Honorable Trent Franks
The Honorable Jeff Flake
Stephen Friedman, Assistant to the President for Economic Policy